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SUBJECT: RESOLVING THE INTERNATIONAL ENERGY FORUM
CONTRIBUTION ISSUE

REF: A. RIYADH 1397
[1](#)B. STATE 104692

[1](#)1. (U) Embassy Riyadh appreciates the assistance of the Departments of Energy and State in making \$100,000 available to contribute to the International Energy Forum (IEF) expert committee's analysis of energy price volatility. IEF officials have told the Embassy that they very much appreciate these funds, and strongly welcome USG participation on the steering committee, as well as U.S. experts on the committee.

[1](#)2. (U) IEF officials have also told us, however, that they still need to collect additional donations to ensure that the work of the experts' group will be fully funded. In that regard, they note that the U.S. is the only country not to have provided all of the voluntary funds that the IEF assessed before the experts' group began its work. They note that the U.S. assessment was \$241,000, of which \$100,000 has now been paid. IEF officials also noted that no U.S. voluntary contributions were received for the regular budget during FY 2009 (the IEF estimates that the U.S. share of the annual budget is \$500,000).

[1](#)3. (U) The chair of the steering group, Assistant Oil Minister Prince Abdulaziz bin Salman, told EconCouns on October 26 that it would be "personally embarrassing" if any delegations raised the issue of whether all steering group members have paid. He expected that other countries would raise the issue. We understand from our UK colleagues that this issue came up during last week's UK-Saudi energy bilaterals in London. Prince Abdulaziz noted that the IEF can fund the costs of the experts' group from its operating budget for a few months as long as it has a firm U.S. commitment that the additional funds will come during FY 2010.

[1](#)4. (SBU) Comment: From our vantage point, there seems to have been an initial unfortunate misunderstanding about what the U.S. was willing to contribute to the experts' group budget. Rightly or wrongly, the chair of the steering group - Assistant Oil Minister Abdulaziz bin Salman - now feels personally on the hook to ensure that the U.S. contributes its full assessment. We believe it may be useful to take a broader view of the situation and get beyond the specific issue of which side is right about the assessment. Prince Abdulaziz is one of three or four key Saudi policy makers determining the future of Saudi oil policy. He also is the chair of Saudi Arabia's newly formed national committee on climate change. He has told us that he would like to work with the U.S. to forge a lasting partnership on renewable energy and efficiency measures. He also wants U.S. support for Saudi Arabia's long-term development, including billions of dollars in investments in Saudi Arabia's National Industrial Strategy and projects like Dow's refinery in the Eastern province, and Exxon's proposed manufacturing facility

- both worth dozens of billions of dollars.

15. (SBU) Embassy Riyadh recommends Washington consider making a firm commitment to make a second voluntary contribution of \$141,000 during FY 2010. Ideally, we would make that commitment before the Steering Group meeting on November 14, although disbursement could come later. That would allow that meeting to focus on the more important issue of the experts' group report and its recommendations, which will be briefed to the G20 next spring and may well influence future international energy policies. It would also enhance our relations with a key Saudi policy maker just before the beginning of the climate change negotiations December 6 in Copenhagen, and would set the stage for a positive, productive bilateral energy dialogue in December and January.

SMITH